

Wisconsin State Legislature

SENATE CHAIR
ALBERTA DARLING

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
ROBIN VOS

309 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-9171

Joint Committee on Finance *100TH ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: July 11, 2011

Re: DNR Report to JFC

Attached is a report on land management contracts on department properties for the 2009-2010 fiscal year from the Department of Natural Resources, pursuant to s. 23.0912(2), Stats, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Scott Walker, Governor
Cathy Stepp, Secretary
Telephone 608-266-2621
FAX 608-267-3579
TTY Access via relay - 711



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BY: *St. Finance*

The Honorable Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

The Honorable Robin Vos
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

RE: Department of Natural Resources Report to the Joint Committee on Finance Regarding
Departmental Contracts for Land Management Activities

Dear Co-Chairs,

Pursuant to s. 23.0912 (2), Wisconsin Statutes, I am hereby presenting to you the Department's report on land management contracts on departmental properties for the 2009 – 2010 fiscal year. The enclosed documents satisfy the statutory requirement, and I am pleased to present the results of this report to you.

Prior to compiling the 2010 report, the Department reviewed its methodology for determining whether all costs for land maintenance across the agency were accurately represented in the report. The 2009 report broadened the scope of allowable costs by including all direct pay costs as well as those paid through a purchase order. The 2010 report uses the principles of the 2009 report and is similar in size and scope.

In compiling the 2010 report, the Department identified multiple types of work that were contracted for rather than utilizing state employees. The contracted work would have either been outside of the Department's expertise set, personnel were unavailable to accomplish the work given the timeliness of the project or contracting was the most efficient way to accomplish the necessary work.

Thank you for your attention to this matter.

Sincerely,

Matt Moroney,
Deputy Secretary
Department of Natural Resources

DEPARTMENT OF NATURAL RESOURCES
Land Management Contracting Report - FY 2009-2010
June 3rd, 2011

Introduction

S. 23.0912(2), Wis. Stats., as created in the 2007-09 Biennial Budget (2007 Act 20) requires the Department of Natural Resources (DNR) to submit a report to the Joint Committee on Finance (JCF) concerning land management contracts on department properties. This document is intended to satisfy that requirement.

Statutory requirement language

23.0912 Contracts for land management; reports.

- 23.0912(1) The department may contract with nonprofit conservation organizations, as defined in s. 23.0955(1) [see below], and with private companies to perform land management activities on department land, as defined in s. 23.0917(1)(c) [see below].
- 23.0912(2) The department shall prepare, for the joint committee on finance, an annual report concerning any contracts into which the department enters under sub. (1) during each fiscal year. For each contract entered, the report shall include information concerning the cost of the contract, the activities performed under the contract, and an assessment of the cost-effectiveness of the contract. The department shall submit the report to the committee no later than November 15 for the preceding fiscal year, and shall submit the first report no later than November 15, 2008.

Definitions and scope of existing statutes

- 23.0955(1) In this section, "nonprofit conservation organization" means a nonprofit corporation, a charitable trust or other nonprofit association whose purposes include the acquisition of property for conservation purposes and that is described in section 501(c)(3) of the internal revenue code and is exempt from federal income tax under section 501(a) of the internal revenue code.
- 23.0917(1)(c) "Department land" means an area of land that is owned by the state, that is under the jurisdiction of the department and that is used for one of the purposes specified in s. 23.09(2)(d).

Definitions of terms

Private company: For purposes of this report it is understood to mean any organization incorporated under Chapter 180 or 183, Wis. Stats.

Land management: For purposes of this report this term means maintenance, repair or replacement of paving (regardless of material used), buildings, wild or cultivated plants, or the land itself for habitat or other recreational purposes. It includes structures associated with the

specific purposes noted in s. 23.09(2); it does not include maintenance associated with general office operations or other activities not clearly related to such purposes.

Examples of Items Included in Report

Fish hatchery facilities
Habitat management
Prescribed burning
State park visitor centers and services
Trail construction or maintenance
(whether paved or unpaved)

Examples of Items Excluded from Report

Office buildings or facilities
Law enforcement

Reasons for Contracting

Cost-effectiveness: The term is used here to indicate whether the product or service was purchased at a lower cost than if it had been provided by state employees. As noted in the report, the Department may frequently make the determination of whether or not to contract for services or materials based upon the existence and availability of state employees with the necessary knowledge, time and equipment in a proximity to the site on which the work is being performed.

Contracts provide the ability to perform land management work that otherwise does not exist within the department. In these circumstances, the consequences of not contracting for the work performed or materials provided is that it may not be performed at all.

Methodology of Report

Prior to compiling the 2010 report, the Department reviewed its methodology for determining whether all costs for land maintenance across the agency were being included in the report. The 2009 report broadened the scope of allowable costs by including all direct pay costs as well as those paid through a purchase order when compared to the methodology used to compile the 2008 report. The 2010 report uses the principals of the 2009 report and is similar in size and scope.

In compiling the 2010 report, the Department identified multiple types of work that were contracted for rather than utilizing state employees. The work that was contracted for would have either been outside of the Department's expertise set, personnel were unavailable to accomplish the work given the timeliness of the project or contracting was the most efficient way to accomplish the necessary work. The following summaries describe the types of land management work that the Department contracted out and identifies the variety of issues related to evaluating the need to contract and the cost-effectiveness of doing so.

Boat Access Site Land Maintenance: \$144,739.40

Road and boat access maintenance are common activities requiring heavy materials transfer. Due to the remote location of many boat access sites that the Department administers, coupled with reduced staffing levels, it is frequently more cost effective to contract for work at these

locations. In addition, much of the work is related to paving, and pier installations/removal which is frequently cheaper to hire for rather than utilize existing staff time to accomplish.

Habitat Land Maintenance: \$457,143.09

One of the more common services the Department contracts for is earth-moving, whether in the form of soil or rock. This work requires access to quarries and rock-crushing facilities as well as the equipment needed to load, transport and install large, bulky and very heavy loads. In addition, costs under this category are often related to equipment maintenance/replacement which the department is required to contract out for. Costs related to habitat land maintenance also involved moving soil and rock to excavate channels for culverts, place the culverts, and replace the soil and rock. They also provided broken and crushed rock placing erosion control material (riprap) along stream banks. This work is typically contracted for due to unavailability of DNR personnel during periods of reduced LTE capacity coupled with the timeliness of the project. The Department contracted for additional survey work in 2010 across multiple programs to support planning and land use purposes. These costs are often cyclical, and reflect the need to perform additional, intensive work on specific areas.

Fish Hatchery Land Maintenance: \$32,315.01

The Department contracted for additional educational displays in 2010. These costs are cyclical, and may reflect specific needs for replacement or additional needs at specific locations. In addition, costs under this category are often related to equipment maintenance/replacement which the department is required to contract out for.

Invasive Species Control: \$151,971.50

Costs related to invasive species' removal involve contracted labor to cut and remove invasive species and then to spray the stump with herbicide to prevent it from growing back. The most effective time to do this work is typically in the fall, winter or early spring. Due to the timing of LTE hires, reassigning existing permanent employees to accomplish these projects would have required setting aside other high-priority work.

Land Maintenance: \$949,639.44

There are a variety of costs in this category that necessitate a capacity to perform work that the Department may not have. Many of the costs identified in the above categories are present here including road, trail, parking lot and equipment maintenance necessitating specialized equipment to perform. In addition, contracts for earth moving related to habitat or facility restoration and maintenance work occur often in this category of costs. Supplies used to complete work performed by Department personnel are also included in this grouping. Contracts for work related to herbicide spraying to prepare land for restoration are included here. The Department would contract for these services as it would for invasive species work. Further, contracts for technical assistance for which the Department does not have the personnel available are included here. Lastly, in 2010 the Department contracted for additional work to maintain its certification under Forest Stewardship Council guidelines as being sustainably managed.

Tree Planting: \$43,697.88

Tree planting is a necessary part of land management, and it is done during the spring in order to maximize the chance of the plants' survival. This is also the time when Department staff are getting buildings and other operations up and running. The primary reason these projects were contracted for was lack of available staff time to accomplish the work. Given the short time frame and range of other critical work, it was not possible for existing staff to accomplish the projects.

Wetland Land Maintenance: \$165,604.71

Similar to the Land Maintenance category above, there are a variety of costs in this category that necessitate a capacity to perform work that the Department may not have. Many of the costs identified in the above categories are present here including equipment maintenance necessitating specialized equipment to perform and a capacity that the Department lacks. In addition, contracts for earth moving related to habitat or facility restoration and maintenance work occur often in this category of costs. Supplies used to complete work performed by Department personnel are also included in this grouping. Contracts for work related to herbicide spraying to prepare land for restoration are included here. The Department would contract for these services as it would for invasive species work. Lastly, contracts for technical assistance for which the Department does not have the personnel available are included here.

Wildlife Area Land Maintenance: \$199,358.09

These costs revolve around services performed that necessitate specific technical expertise which the Department either did not have or did not have the personnel available to perform the work. In the cases of these contracts, the Department determined that the costs of contracting this work were necessary to ensure the timeliness of the work performed.

Facilities Maintenance: \$491,513.13

Contracts related to facilities maintenance are in response to a variety of needs; however, a majority of the contracts are related to capital development projects specifically road building and maintenance as well as facility repair and maintenance. Utilizing contractors for these types of expenses is both cost effective and necessary as the Department typically does not have trained personnel available to perform these types of work. Lastly, the Department contracts for technical work, including asbestos removal, well repair and construction related services for which the Department lacks the capacity to perform.

Trail Maintenance: \$265,859.49

The Department will contract for snowmobile grooming services with local snowmobile clubs utilizing statutorily authorized, dedicated funds for this purpose. Also, a majority of the

contracts are related to capital development projects specifically trail building and maintenance. Utilizing contractors for these types of expenses is both cost effective and necessary as the Department typically does not have trained personnel available to perform these types of work.

Master Planning: \$57,850.50

These expenses mainly relate to Natural Heritage Inventory work as well as graphic design work in support of property master plans. The cost-effectiveness of contracting for graphic design work is clear to the Department, as this work is sporadic, negating the value of having dedicated staff.

Dike/Dam Land Maintenance: \$131,942.91

A majority of these contracts are related to capital development projects specifically road building and maintenance as well as facility repair and maintenance. Utilizing contractors for these types of expenses is both cost effective and necessary as the Department typically does not have trained personnel available to perform these types of work.

Air Photos: \$77,843.02

The Department no longer has the resources to perform this work, so the use of contractors is necessary when aerial surveys are required.

Summary

The Department of Natural Resources contracts with private companies and non-profit conservation organizations to implement high-priority land management projects for which state employees and/or equipment is not available. In most cases the Department does not have the necessary equipment or skills, while in a significant number of other situations there are not enough state employees available to do the work. Please see Appendix A for the full listing of costs in 2010.

Category

Boat Access	\$144,739.40
Habitat Land Maintenance	\$457,143.09
Fish Hatcheries	\$32,315.01
Invasive Species	
Management	\$151,971.50
Land Maintenance	\$949,639.44
Tree Planting	\$43,697.88
Wetland Maintenance	\$165,604.71
Wildlife Area Maintenance	\$199,358.09
Facilities Maintenance	\$491,513.13
Trails Maintenance	\$265,859.49
Master Planning	\$57,850.50
Dike/Dam Maintenance	\$131,942.91
Air photos	\$77,843.02
Total	\$3,169,478.17

